



Mission: Mat-Su Borough School District prepares students for success

Federal Communications Commission
445 12th Street SW
Washington, DC 20554

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FCC Mail Room
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April 3, 2014

Dear Sir/Madame,

I am writing today in response to the FCC's Public Notice (PN): Wireline Competition Bureau. Seeks Focused Comment on E-Rate Modernization which, among other things, examines how to distribute \$2 billion in found funding for the E-Rate program. The E-Rate program currently represents the only source of federal funding aimed at educational technology and is critical in providing discounts to assist school districts to obtain affordable telecommunications and Internet access.

The Matanuska-Susitna Borough School District (MSBSD) is the second largest district in the state of Alaska and relies heavily on the E-rate program to deliver broadband Internet connectivity to its 45 (soon to be 47) schools. The MSBSD is characterized by a mix of urban and rural schools serving more than 17,000 students spread out over an area the size of West Virginia. The MSBSD has spent approximately \$6M of its own money over the past 5 years to modernize its internal connections and pay its portion of Priority 1 E-rate contracts to build a scalable fiber optic network to all its schools. We now have true broadband across this vast distance thanks to the e-rate program. It should be noted that the cost of achieving this has resulted in a doubling of our funding request for Priority 1 services.

As the FCC moves forward with this PN, we urge you to ensure that changes to modernize the program are focused on expanding a successful program that has yet to reach its full potential. E-Rate has served as the cornerstone to the rapid and dramatic expansion of school and library connectivity. The current program, while needing some marginal updates to its structure, is most strained by increasing demand for E-Rate-supported services and persistently low funding. The single most effective step the FCC can take to bolster E-Rate's current and future success is to provide \$5 billion in funding, an amount commensurate with current demand. The final proposal must include both programmatic restructuring and a permanent increase in the program's funding cap. Quite simply, an infusion of funding without programmatic restructuring is a poor investment, and programmatic restructuring without permanent, adequate funding sets the program on a path towards instability and failure.

The \$2 billion (over two years) in found funding for E-Rate is a strong step in the right direction, as is focusing the funds on Priority Two (Internal connections). Connectivity is an annual expense, though, and I am concerned that the proper focus on modernization and build out will come with sustained increased program demand that far exceeds the current program funding

level and the inevitable funding cliff that will come when the \$2 billion is spent down. In fact, the most recent application cycle for E-Rate (closing March 26, 2014) totaled more than \$2.225 billion for one year, already exceeding the \$2 billion the FCC proposes for two years.

It is my hope that the final changes to the E-Rate program position it to continue to fulfill its original promise of connectivity in the broader context of equity, local decision making, and technological neutrality. More specifically to the FCC's proposal:

- Support technological neutrality: Technological neutrality (allowing a variety of technologies as opposed to prescribing a limited number) and local decision-making are an efficiency: Local school system and library leaders are best positioned to know their respective technological needs, the process for implementing the technology plan, and the related costs. Tech neutrality and local decision making empower districts like mine to maximize the benefit of E-Rate dollars, for connections both to and within schools.
- Support the effort to set aside 2 billion in found funds for specific use: The concept of a carve out/set aside for Priority Two is a good idea if focused on one-time funds for advancing schools to scalable high speed connection to schools and transition to VOIP. We support this use rather than the traditional replacement of internal connections equipment.
- Oppose any proposal that would distribute E-Rate funding on the basis of a per-capita (ie, per-student) basis: Beyond an inability to recognize high-cost service factors that often impact rural and small schools, a per-capita approach is a step away from E-Rate's historical focus on equity. As both AASA and AESA wrote in their comments, "Concentration of poverty is reflected in the percentage of eligibility, as opposed to a straight count of students in poverty. That is, 100 low-income students in a district of 1,000 students is a different level of poverty than 100 low-income students in a district of 10,000. Specific to the idea of a per pupil cap: With a historic focus on concentrations of poverty, the very act of diluting funding to a pupil (or class, or building) level is antithetical to combating concentrations of poverty. It reflects the presence, but not necessarily the concentration, of poverty. Per capita limits are poor proxies for ensuring that funds remain targeted on the neediest populations."
- Support Voice Services: Voice remains an important E-Rate service for schools and libraries. Removing voice services from the eligible services list does not negate my district's very real need for working phones, for everything from simple contact to emergency communication. The shift would translate into increased fiscal pressure on my district's budget. Rather than eliminating voice, implement a 3 to 5 year phase in process that allows time for transition to VOIP and P2 funding to cover the cost.
- Oppose demonstration projects within E-Rate funding: Any of the pilot projects siphon limited dollars away from the historically oversubscribed E-Rate program. Any incursion on the E-rate program – whether it be from a new service, a new class of applicants, or a new program (as the proposed pilot would be) – would significantly destabilize the program.
- Support Streamlining Administrative Process: Streamlining of the administrative process including online filing and reduced administrative burden, as well as allowing for multi-year applications and providing an 'EZ' renewal form for applicants making no changes to a previous year's application.

The sudden loss of funding for voice services would mean a shift of \$245,568 back onto the district's general fund. Although MSBSD has scalable fiber connections, we have not had the time or funding move to a VOIP solution for voice calls. If the FCC is considering making voice an ineligible cost, it would make sense to do this in a phased approach. Allow applicants 3-5 years to move to a VOIP solution and apply some of the 2 billion in found funds for Priority 2 VOIP hardware.

Thank you for considering my response as you move forward with your decision on the E-Rate program. I applaud the FCC for its continued efforts to protect the already oversubscribed E-Rate program by ensuring the future of this successful program. I urge you to support significant increased funding for the E-Rate program, and to ensure that the program and its limited resources are protected and preserved.

Sincerely,



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¹ See AASA/AESA Joint Filing, Aug 27, 2013

<http://aasa.ak.gov/2013/08/27/aasa-aesa-joint-filing-on-2013-2014-funding/>